

MBOE – 2012

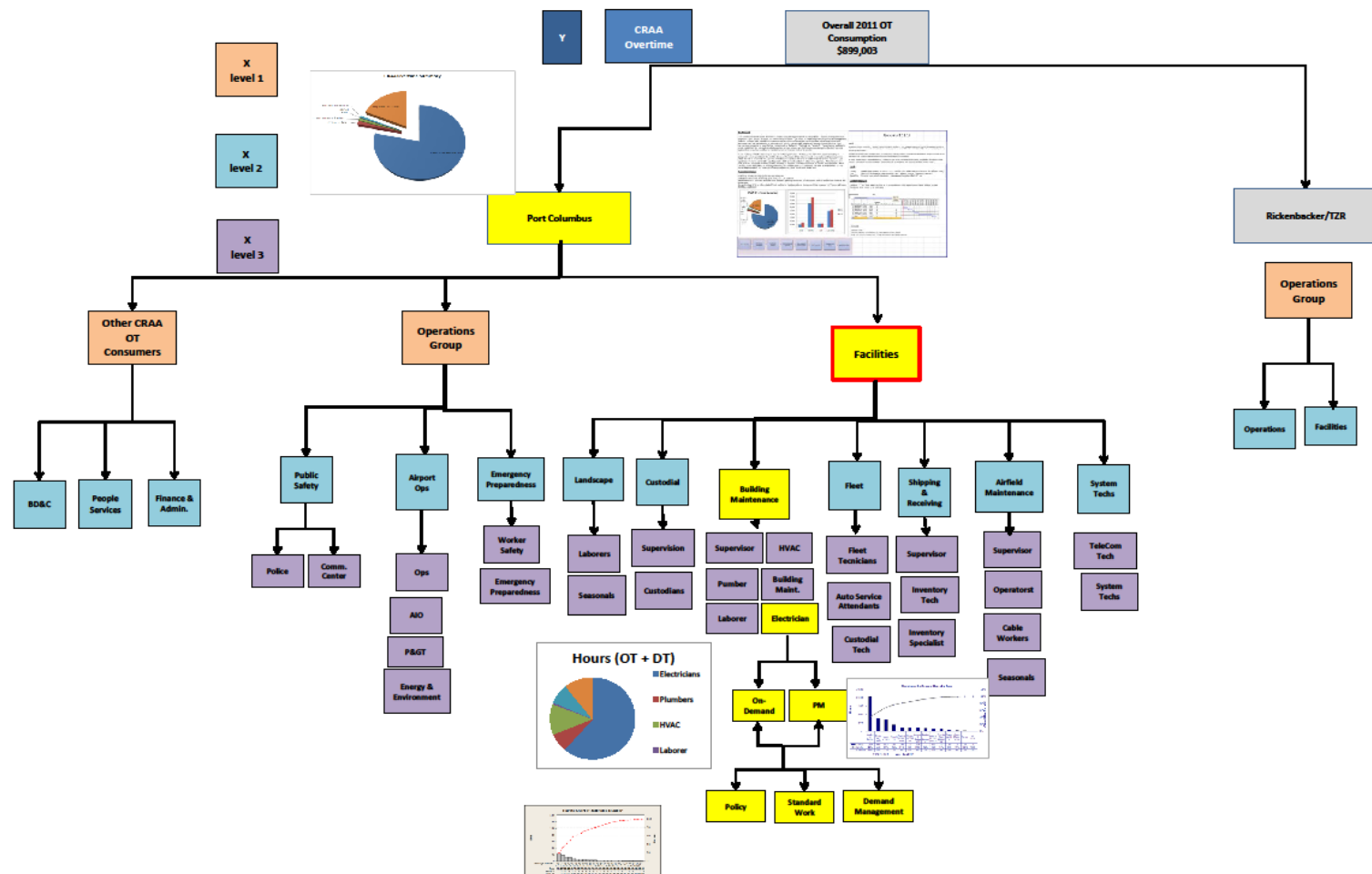
Charles J. Goodwin

Reducing Unnecessary Overtime
Expenses

The Problem

- Growth in Customer Demand (Airline Passengers) is Soft (Projected at $<1\%$)
- Competition For Airline Service in the Region is High (DAY, CVG, CLE & CAK)
- Airlines are very aware of Airport Costs
- Personnel Costs $>50\%$ of Operating Expenses
- Overtime (OT) Expenses Approach \$1Million/Yr
- Challenge = Reduce Unnecessary OT

PROCESS PATH



Project A3's

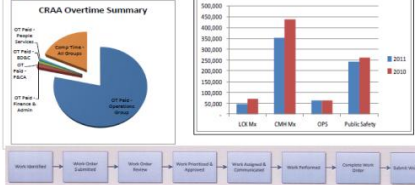
Strategic

REDUCING UNNECESSARY OVERTIME EXPENSES WITHIN THE AIRPORT AUTHORITY

Background
The Columbus Regional Airport Authority (CRAA) is Central Ohio's primary provider of air transportation facilities serving commercial passenger, cargo, military, business and general aviation needs. The effects of predictable reduction of the air transportation industry combined with competition from other modes of air travel, along with a lingering national economic crisis, are reducing the air transportation industry. That industry, significant changes (downing) either have occurred or are expected to occur for two major airports in the Region (Cincinnati and Cleveland). These changes are likely to create instability in the competitive environment of these airports and CRAA must remain poised to effectively compete against these airports in an effort to maintain current or increase levels of air service.

A key industry metric for measuring an airport's cost competitiveness which is used to market an airport to existing or prospective service providers is the Cost Per Enplaned Passenger (CPE). This measure of operating and capital expenses affects the CPE of an airport, and CRAA has implemented a variety of initiatives to control and reduce these expenses. One specific expense area identified by CRAA's Executive Staff as needing attention is Personnel Expenses. Accounting for more than 50% of CRAA's total operating budget, a number of initiatives have been undertaken to manage these expenses. A key 2012 focus has been placed on reducing Overtime (OT) Expenses for CRAA's personnel. Because a certain level of OT is a value added necessity, it is important to focus on reducing OT that is non-value added.

Current Conditions
Use of OT is not uniformly applied across departments. Operations Group uses more than 70% of all CRAA OT expenses. Wide range in OT expenses and differential between operating units make OT use appear arbitrary and without business case justification. Recognition that OT is an inherently inefficient method for meeting customer demand and that increases in OT do not add value to CRAA's customers.

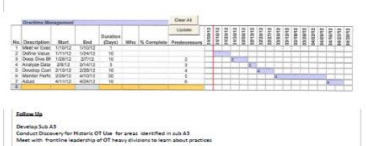


Goodwin 1.12.12

Analysis
An initial division on use of OT. The agency needed to use and approve OT to its departments. Accounting for different work time is responsibility should be developed to separate value added OT from non-value added OT as a Department by Department. Further by Personnel Item.
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Goals
Quality: Establish Parameters to Ensure OT is Used for Value Added Purposes (account for different roles)
Cost: Limit OT Use for Value Added Activities Only. Reduce 2012 OT Expenses by \$50,000
Capability: Develop system that strengthens management thinking skills in OT use

Countermeasures
Develop "A3" for each significant user of OT hours Division within Ops Group to better identify specific functional areas where OT is required.



Next Steps
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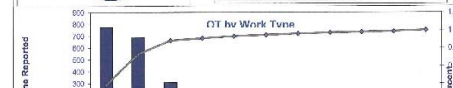
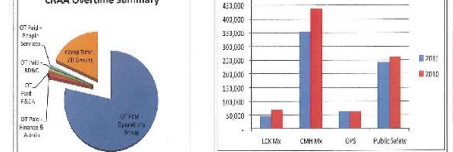
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Goodwin 6.15.12

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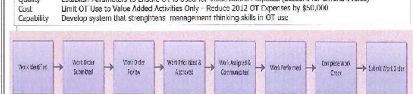
Current Conditions
CRAA Overtime Summary



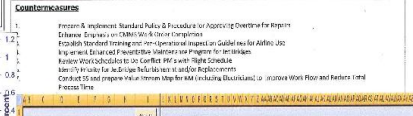
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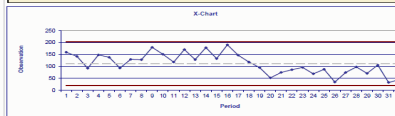
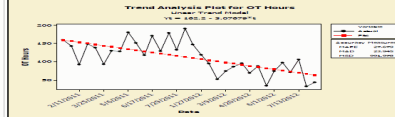
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Tactical - Policy

REDUCING UNNECESSARY OVERTIME EXPENSES WITHIN THE AIRPORT AUTHORITY

Background
Initial A3 identified a number of countermeasures that could potentially reduce the amount of unnecessary OT with in CRAA's Building Maintenance Department. The three (3) primary countermeasures identified included:
1. Policy
2. Training
3. Standard Work & Improved Scheduling

Current Conditions
A detailed Policy addressing OT use was created and implemented and positive results have been noted.



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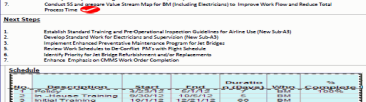
Analysis
Establishment of first countermeasure (Policy) which includes definition of appropriate uses for overtime has been completed, and owners to be effectively reduced.
To sustain viability on the matter, CRAA Building Maintenance Management has added OT use on a weekly audit meeting agenda. Additionally, CRAA Accounting and Finance are tracking OT use by department and by individual to better provide data on the use of OT within the organization.

While this countermeasure has been effective, and as presented in the original Project A3, there remains several key opportunities to further reduce unnecessary OT, such as:

Establishing a proactive training program for CRAA maintenance staff as well as active staff who are the primary operators of the jet bridges. Training to include the development and implementation of daily pre-operational inspection for the jet bridge operators

Creating standard work for the trades within Building Maintenance (including electricians) is necessary. Information

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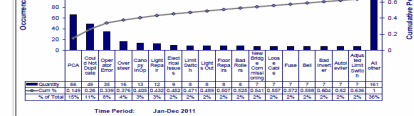
Tactical - Training

REDUCING UNNECESSARY OVERTIME EXPENSES WITHIN THE AIRPORT AUTHORITY

Background
Initial A3 identified a number of countermeasures that could potentially reduce the amount of unnecessary OT with in CRAA's Building Maintenance Department. The three (3) primary countermeasures identified included: Policy, Training and Standard Work & Improved Scheduling.

Current Conditions
Policy deployment has been very effective in reducing unnecessary OT. Approximately 48% reduction in OT year over year. Other countermeasures include Training and Standard Work & Improved Scheduling. Current initiative within BMD Department is developing implementation of Standard Work and Layouts. Accordingly, immediate next focus of the improvement project will be on developing existing training programs for Jet Bridge Operators, as well as providing additional in-depth training for CRAA's Jet Bridge Operators.

Recent Chart below indicates that almost 25% of all defects can be related to either 1) the operator's knowledge of the equipment (Jet Bridge) or the operator's understanding of the bridges.



Goodwin 12.10.12

Analysis
Establishing a proactive training program for CRAA maintenance staff as well as active staff who are the primary operators of the jet bridges has been completed, and owners to be effectively reduced.
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Recommended Countermeasures



MEMORANDUM

TO:

FROM:

SUBJECT:

DATE: Electrician
Hoskins, Nick
McDaniel, Mark
Wakefield, Seth

In response to \$50,000, this within the Bui Implementable recommendati included (Insp further planni customers.

Before presen Maintenance I the departm has contribute Memorandum management)

Key Observat

- No wr overlin
- Many t
- Overtir regulat

2.5 HR Demand

1.5 HR Demand

4.5 HR Demand

2.5 HR Demand

1.5 HR Demand

1 HR Demand

ON DEMAND

Lighting Work, Electrical Work

P.M.

Jetbridges

Miscellaneous

***Breaks: 9am-1pm-5pm-9pm- these 15 minutes time dots are

Tuesday

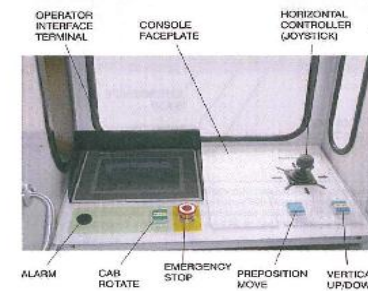
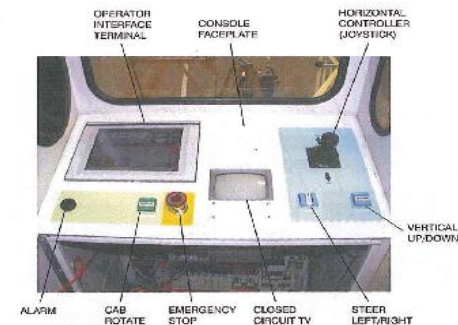
7:00 AM	7:15 AM	7:30 AM	7:45 AM	8:00 AM	8:15 AM	8:30 AM	8:45 AM	9:15 AM
Shift Start Up Mtg								
Shift Start Up Mtg								
Shift Start Up Mtg								

11:00 AM	11:15 AM	11:30 AM	11:45 AM	12:00 PM	12:15 PM	12:30 PM	12:45 PM	1:15 PM
Lunch								
Lunch								
Lunch								

3:00 PM	3:15 PM	3:30 PM	3:45 PM	4:00 PM	4:15 PM	4:30 PM	4:45 PM	5:15 PM
Shift Start Up Mtg								
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7:00 PM	7:15 PM	7:30 PM	7:45 PM	8:00 PM	8:15 PM	8:30 PM	8:45 PM	9:15 PM
Lunch								
Lunch								
Lunch								

OPERATOR TRAINING JETWAY® Apron Drive 2 & 3 Tunnel PLC Bridge



Control Console Faceplate with Display Touch/Screen
Figure 1

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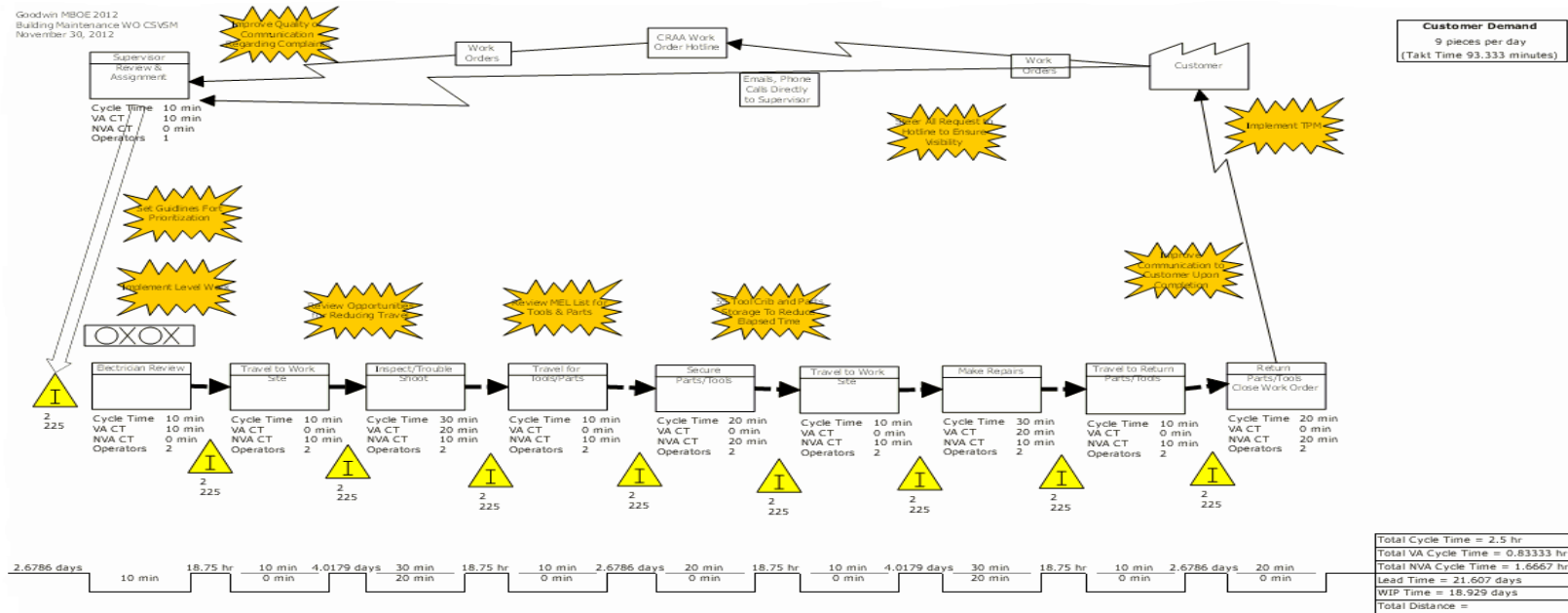
November 2008

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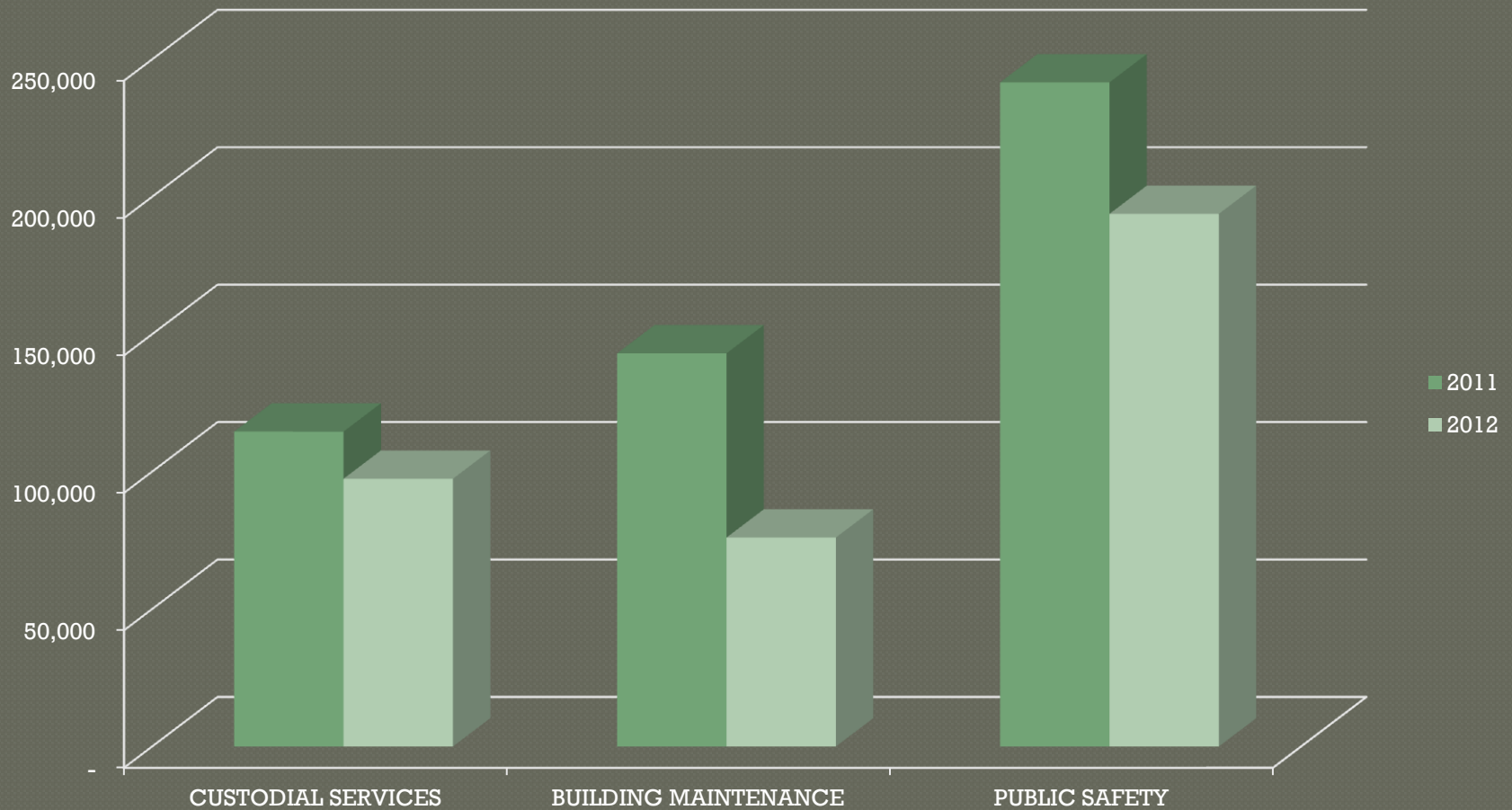
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Page 3

BUILDING MAINTENANCE CSVSM

Goodwin MBOE 2012
Building Maintenance WO CSVSM
November 30, 2012

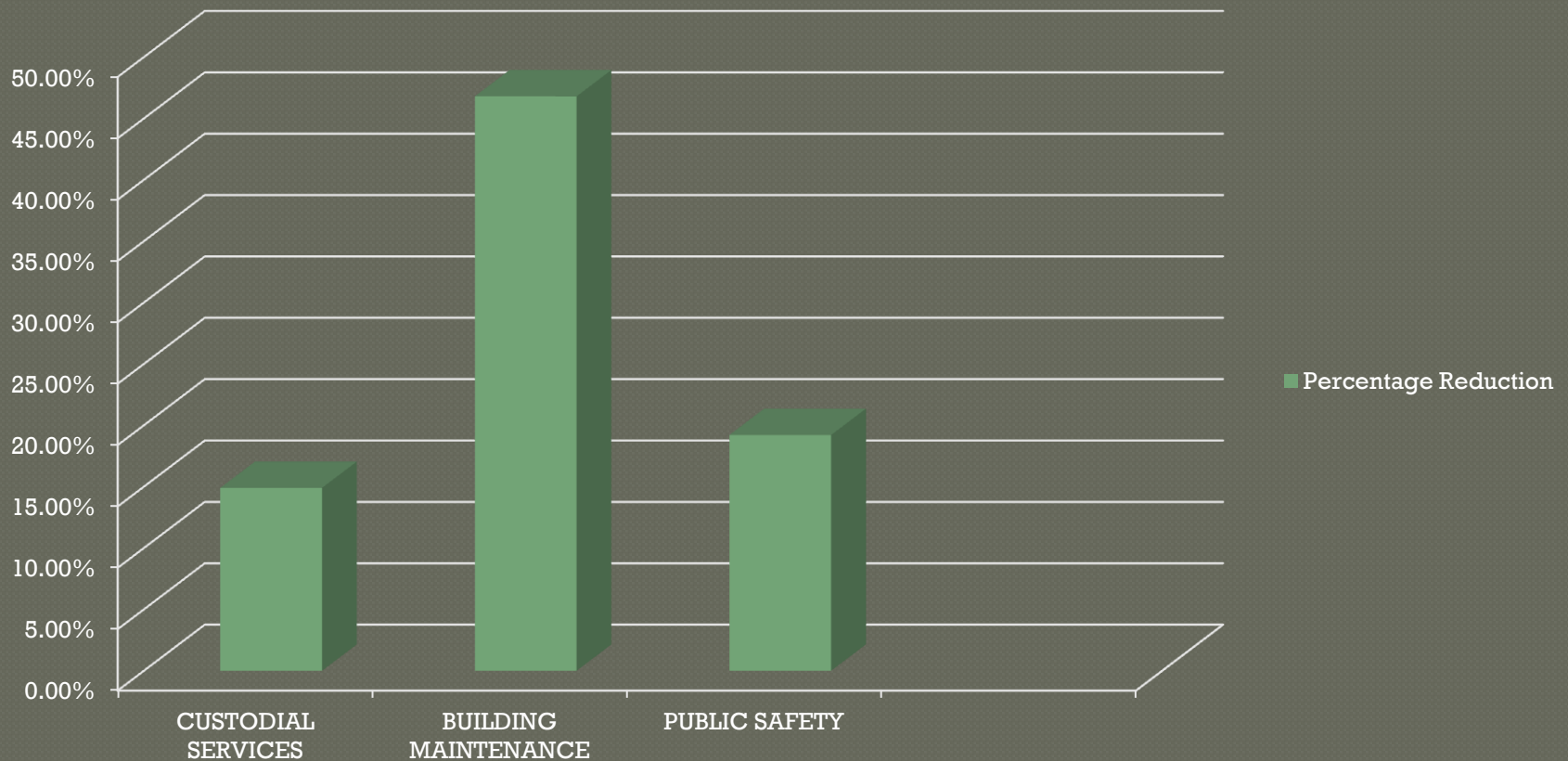


OT Comparison 2011-2012 By Department



Percentage Difference of OT Reduction By Department

Percentage Reduction



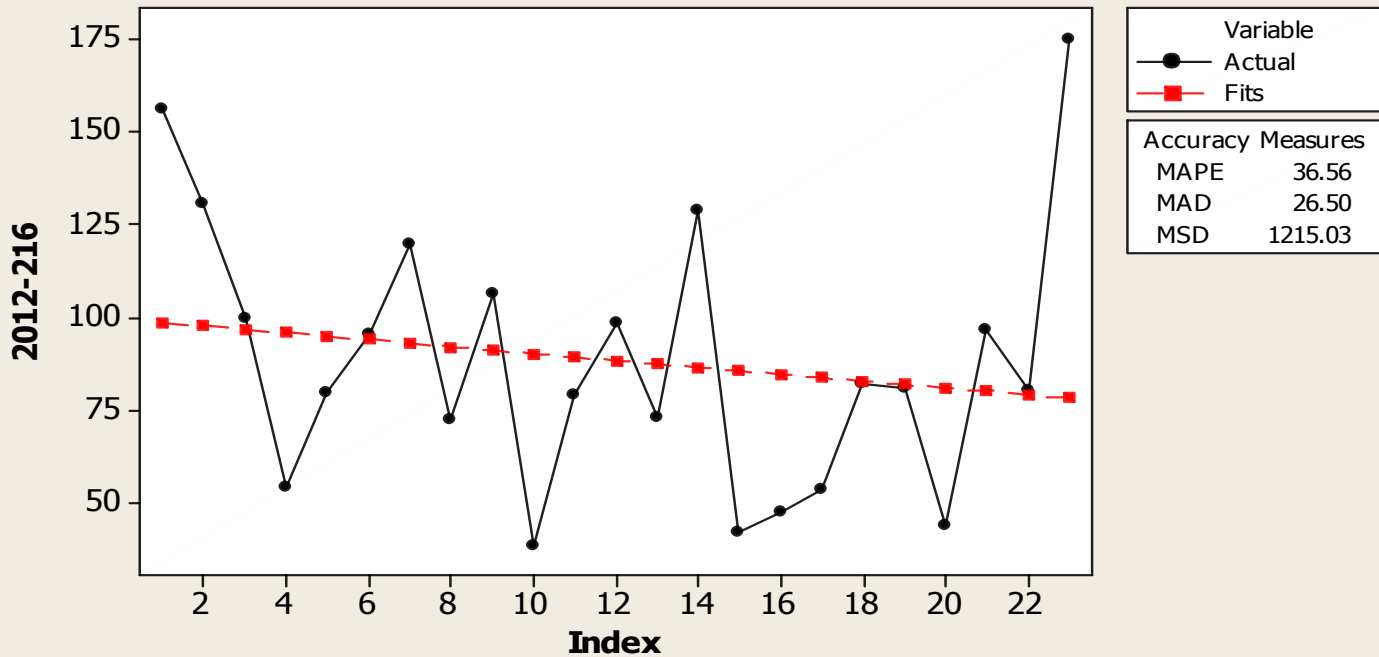
Trend of OT Use

2012

Trend Analysis Plot for 2012-216

Linear Trend Model

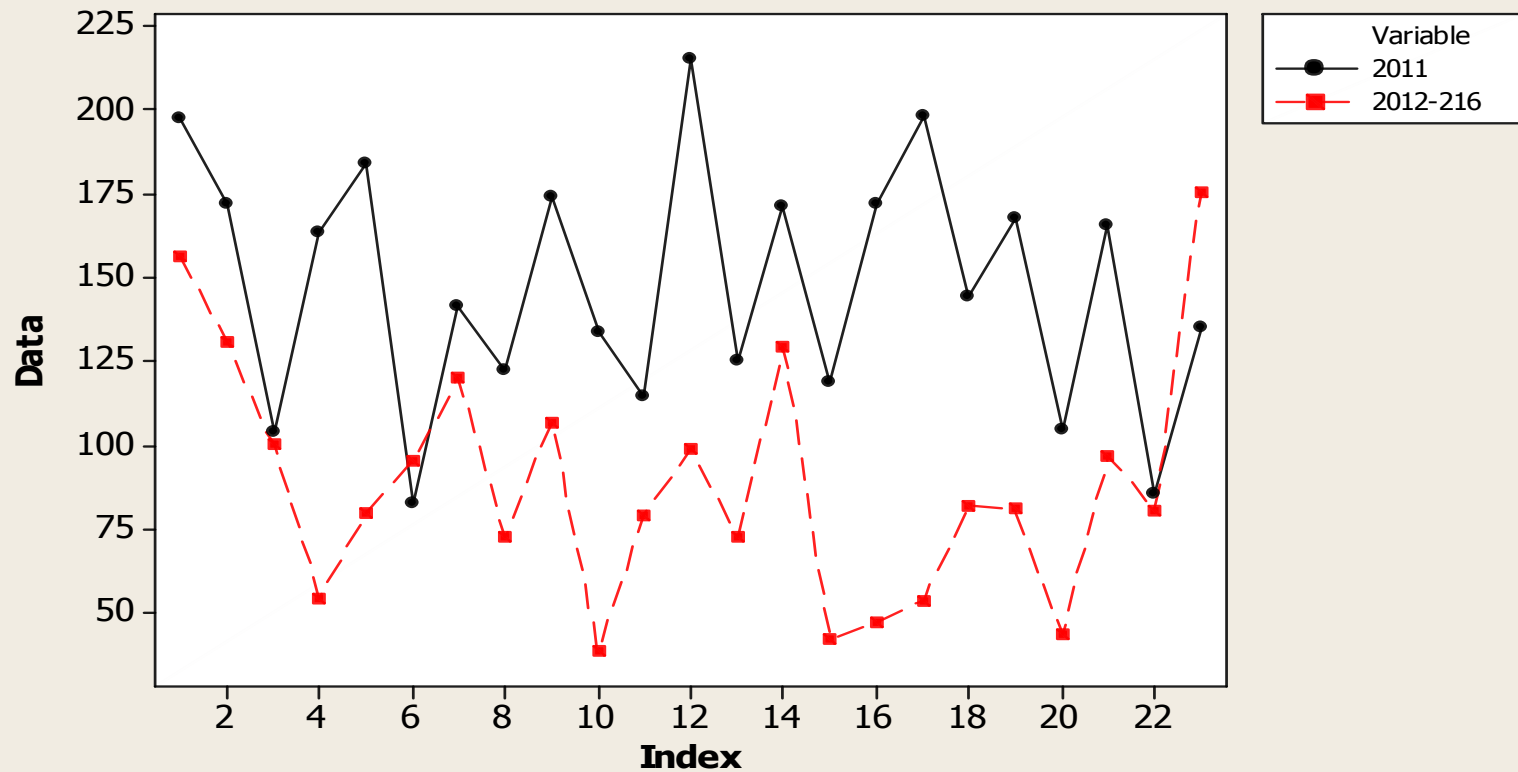
$$Y_t = 99.6 - 0.926364 * t$$



Pay Period Comparison

OT 2011 Vs. 2012

Time Series Plot of 2011, 2012-216



Assessment

- OT Reduction Across Enterprise Has Exceeded Goals (More than 2X)
- Percentage Reduction in BMX More than Doubled Other Major Departments
- Sustaining New OT Management Process and Implementation of Remaining Countermeasures Will Result in Even Greater Savings

Next Steps For OT Management

- Encourage New Leadership of BMX Department to Maintain Process Discipline
- Encourage New Leadership of BMX Department to Proceed with Additional Recommended Countermeasures
- Expand OT Management Project Learning From BMX to Other Departments

Organizational Reaction

- Team Managers **And Electricians** Very Receptive To Effort to Help Them Better Manage Work Flow
- VP's From Affected Departments Struck By Data and Analysis
- **CEO Has Asked for OpEx Overview Briefings to Executive Staff and Management Team**